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FOLG RECD AS ACTION NEW DELHI FROM BOMBAY RPTD FOR
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SUBJ: INDIAN AMBASSADOR DESIGNATE GUJRAL'S COMMENTS IN BOMBAY ON
INDO-SOVIET TRADE RELATIONS

REF: CERP SECTION D

1. VISITING BOMBAY APRIL 10 ON A FAMILIARIZATION TRIP TO THE
SOVIET-ASSISTED MG AIRFRAME PLANT IN NASIK, UNION MINISTER OF
STATE FOR PLANNING AND AMBASSADOR-DESIGNATE TO USSR I.K. GUJRAL
COMMENTED ON PROSPECTS OF INDO-SOVIET TRADE RELATIONS. HE GAVE
EXCLUSIVE INTERVIEW TO ECONOMIC TIMES, ADDRESSED BUSINESSMEN AT
INDIAN MERCHANTS CHAMBER (IMC), AND LATER ADDRESSED A PRESS
CONFERENCE. THIS REPORT IS BASED ON PRESS VERSIONS OF GUJRAL'S
ENGAGEMENTS.

2. ON SCOPE FOR EXPANSION OF INDO-SOVIET TRADE, GUJRAL TOOK THE
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OFT-REPEATED GOI POSITION ON INDIAN SELF-SUFFICIENCY IN CAPITAL

EQUIPMENT INDICATING THAT INDIA NO LONGER NEEDS SOVIET CAPITAL EQUIPMENT AND HOPED THAT ACCEPTANCE OF THIS REALITY "COULD BE ONE OF THE SIGNIFICANT AREAS OF UNDERSTANDING" WITH THE SOVIET UNION. HE STATED THAT "INDIA'S TRADE WITH RUSSIA MUST UNDERGO A NECESSARY CHANGE WITH THE PROCESS OF INDUSTRIALIZATION GOING APACE", WHICH IN EFFECT MEANT, THAT FUTURE COMMODITY EXCHANGES SHOULD FAVOR INDIAN EXPORTS OF PLANT AND EQUIPMENT. BUSINESSMEN AT IMC MEETING ENDORSED GUJRAL'S VIEWS.

3. GUJRAL WAS AT BAY TO IDENTIFY SPECIFIC MEANINGFUL TRADE EXPANSION AREAS AND CONFINED HIS COMMENTS TO SUCH PROJECTS AS IMPORTING SOVIET TEXTILE MACHINERY IN EXCHANGE FOR TEXTILES AND MADE UP TEXTILE GOODS (A PROJECT WHICH IN PAST FAILED TO GENERATE INTEREST ON THE INDIAN SIDE DESPITE A VISIT TO USSR BY A TEXTILE DELEGATION), IMPORT OF COMPUTER HARDWARE TO BE PAID BACK THROUGH SUPPLY OF SOFTWARE, COOPERATION IN THE FIELD OF LABOR-INTENSIVE ELECTRONIC COMPONENTS AND TRADE IN MICA AND ALUMINUM PRODUCTS. THESE AREAS OF COOPERATION WERE REPEATED, BY AND LARGE, BY UNION COMMERCE MINISTER CHATTOPADHAYA IN HIS OPENING REMARKS AT INDO-SOVIET MINISTERIAL TALKS ON APRIL 13.

4. STRETCHING BILATERALISM FURTHER, GUJRAL EMPHASIZED PROSPECTS OF ESTABLISHING INDUSTRIAL VENTURES IN THIRD COUNTRIES WITH SOVIET COOPERATION, AN UNKNOWN AREA WHICH IN NO CASE CAN BE EQUATED WITH OR CAPABLE OF SUBSTITUTING MUTUAL TRADE. HERE, WE ARE TEMPTED TO HIGHLIGHT GUJRAL'S SOPHISTRY BY QUOTING ECONOMIC TIMES WHICH, INTER ALIA, REPORTED: "INDIA AIMED AT DOUBLING ITS FOREIGN TRADE; THIS WOULD NOT BE DIFFICULT CONSIDERING THE COOPERATION AND ASSISTANCE BEING RECEIVED FROM RUSSIA". GUJRAL WAS VAGUE IN HIS STATEMENT LEAVING THE AUDIENCE TO SURMISE THAT THE DIMENSIONS OF THE INDO-SOVIET COLLABORATION WOULD BE EXTENSIVE ENOUGH TO HELP DOUBLE INDIA'S GLOBAL FOREIGN TRADE.

5. REPLYING TO A QUESTION AT THE PRESS CONFERENCE, GUJRAL "DISMISSED" THE IDEA OF INDIAN PLANNING BEING DOVETAILED WITH THE SOVIET PLAN SAYING THAT "EVERY COUNTRY HAD ITS OWN PRIORITIES IN PLANNING AND THERE WAS, HENCE, NO QUESTION OF DOVETAILED INDIAN PLAN WITH ANY OTHER PLAN".

6. ON CRITICAL INDO-SOVIET ECONOMIC ISSUES, GUJRAL BEGGED THE LIMITED OFFICIAL USE

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PROBLEMS AND WAS MORE APOLOGETIC THAN FRANK. IN REPLY TO AN ECONOMIC TIMES QUESTION ON REALISTIC REVISION OF RUPEE-RUBLE RATION, HE SKIRTED THE PROBLEM BY COMMENTING THAT "A MUTUALLY ACCEPTABLE AND SATISFACTORY RUPEE-RUBLE RATION WOULD NOT PROVE INTRACTABLE OF SOLUTION"; ON THE INCREASING SOVIET MERCHANT MARINE COMPETITION WHICH IS LIKELY TO AFFECT INDIAN SHIPPING, HE COMMENTED THAT "IN TUNE WITH THE RISING TRENDS OF (SOVIET) TRADE WITH AFRO-ASIAN NATIONS, THE ENTRY OF SOVIET SHIPPING AS A CARRIER

OF CARGO BECOMES A FACTOR TO BE RECKONED WITH"; ON THE DISTURBING PROBLEM OF SOVIET SWITCH DEALS IN INDIAN GOODS, HE CALLED IT A "CANARD" AND SAID GOVERNMENT HAD NOT RECEIVED ANY COMPLAINT ABOUT IT.

7. BESIDES SUPPORTING GUJRAL'S SUGGESTIONS FOR BASIC CHANGES IN INDO-SOVIET TRADE (REF PARA 2), BUSINESSMEN AT IMC MEETING URGED THAT A MECHANISM ON BILATERAL TRADE BE REVISED "TO MAKE THE RUPEE PAYMENT AGREEMENT MORE EFFECTIVE SO THAT THE COUNTRY COULD DIVERSIFY TRADE TO COVER NON-TRADITIONAL ITEMS". PRESUMABLY THEY MEANT THAT THE RUPEE PAYMENT BASKET SHOULD INCLUDE MORE ITEMS OF INTEREST TO INDIAN SIDE SUCH AS RAW MATERIALS AND METALS. THEY ALSO CALLED FOR ESTABLISHING AN INDO-SOVIET CHAMBER OF COMMERCE IN INDIA, BUT DID NOT INDICATE WHAT PURPOSE WOULD BE SERVED BY SUCH AN ORGANIZATION.

8. GUJRAL'S COMMENTS HERE REVEALED HARDLY ANYTHING NEW BUT THEIR SIGNIFICANCE RESTS ON THE FACT THAT THEY RAISED THE CURTAIN ON VITAL TRADE IRRITANTS BETWEEN THE TWO COUNTRIES. GUJRAL'S TACIT ADMISSION OF THESE IRRITANTS ADDED TO PUBLIC KNOWLEDGE OF THE ISSUES AT THE TIME INDO-SOVIET MINISTERIAL MEETING ON LONG TERM TRADE AGREEMENT (1976-80) IS ON IN NEW DELHI.
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